

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/22):**

BUTTER: Grade AA closed at \$1.1300. The weekly average for Grade AA is \$1.1417 (-.1083).

CHEESE: Barrels closed at \$1.1350 and blocks at \$1.1600. The weekly average for barrels is \$1.1320 (+.0300) and blocks, \$1.1420 (+.0330).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market remains weak and prices at the CME continue to decline. Prices have dropped each trading session beginning with December 6. Production levels are increasing across the country as surplus milk and excess cream are available to butter/powder plants. This is a typical pattern for this time of year. Demand for butter is slower now that the holiday needs have been filled. Also, buyers are reluctant to place orders when prices are falling. Stocks of fresh butter are not as tight and some suppliers are offering additional loads/volumes. Retail and food service sales are seasonally good.

CHEESE: The cheese market is firm, though with a cautious undertone. Cash cheese prices moved above the CCC support prices on the Chicago Mercantile Exchange. Year end inventory positioning is continuing as more orders are being placed for January delivery. Current natural demand is steady to occasionally lighter and process generally moderate. Cutters and processors expect to operate on reduced schedules during the holidays, reducing bulk cheese requirements. Many plant operators are increasing production by booking surplus milk available from bottlers over the holiday weekend. During the week of December 18 - 22, CCC purchased 792,000 pounds of Western and Midwestern process and 237,180 pounds of Western blocks.

FLUID MILK: Milk production patterns are showing slight changes as the year end approaches. Winter weather over large areas of the country is impacting milk output. Fluid milk sales are shifting away from school lunch programs as most learning institutions take a break through the year end holidays. Milk output in the Northeast is steady, but higher in Florida and other Southeastern states. In the Southwest, production is mainly steady to higher, at levels slightly above a year ago. Northwestern production is steady and able to be handled. The Midwest is being hit by winter storms and being impacted by the snow and cold temperatures. Cream sales slowed as the week progressed and more ended up at the churns. Multiples and overages are expected to be lowered to stimulate buyers. Cream-based holiday items are mostly placed in stores and production is ceasing. Condensed skim offerings are heavy as increased drying costs make it more attractive not to dry.

DRY PRODUCTS: High natural gas and electricity costs continue to impact drying schedules. Processors are attempting to move milk to alleviate these cost burdens, but are still having to dry milk and whey products. Some processors would like to add surcharges to recover some of the unexpected costs, but this may be very hard to do. NDM prices are steady to slightly higher. There continues to be heavy, weekly offerings to the support program at \$1.01 per pound. Demand is seasonally fair with additional interest

for high heat. Dry buttermilk prices are slightly higher with limited sales. There are few additional spot loads available, despite increasing butter production where cream is backing up to the churns. Prices are higher for dry whey and WPC in firmer markets. Supplies are often lighter than current domestic and export demand. Lactose prices are unchanged in a steady to firmer market entering a new quarter. Supplies are in fair balance.

CCC: During the week of December 18 - 22, CCC net purchases totaled 4,502,759 pounds of nonfortified and 1,807,565 pounds of fortified NDM from the West. CCC also purchased 237,180 net pounds of blocks and 792,000 pounds of process cheese from the Midwest and West. CCC announced 353.6 million pounds of NDM as uncommitted as of December 15th. (Note: Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.)

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the federal milk order pricing system, the base price for Class I milk for January 2001 is \$13.99. This price is derived from the advanced Class IV milk pricing factor of \$7.88 and the advanced butterfat pricing factor of \$1.8244 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for January is \$8.58 and the Class II nonfat solids price is \$0.9533 per pound. The following are the two-week product price averages: butter \$1.6111, nonfat dry milk \$1.0159, cheese \$1.0930, and dry whey \$0.2194. Further information may be found at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm

NOVEMBER COLD STORAGE (NASS): U.S. cold storage holdings of butter on November 30, 2000, total 27.1 million pounds, down 10.3% from November 1999 and 53.3% lower than October 2000. Natural American cheese holdings for November total 516.0 million pounds, up 15.1% from last year, but 1.5% less than a month ago.

NOVEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during November totaled 11.5 billion pounds, up 1.5% from production in these same states in November 1999. Production per cow averaged 1,463 pounds for November, 4 pounds (0.3%) above a year ago. The number of cows on farms was 7.9 million head, 95,000 head (1.2%) more than November 1999 and 1,000 head more than October.

NOVEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During November, about 9.2 billion pounds of milk were received from producers. This volume of milk is 2.0% lower than the adjusted November 1999 volume. About 4.0 billion pounds of producer milk were used in Class I products, 2.9% higher than the previous year. Calendar composition likely had a slight positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were; Class I = 43%, Class II = 9%, Class III = 43%, and Class IV = 5%. The weighted average statistical uniform price was \$12.11 per cwt., \$0.24 lower than last month, and \$2.26 less than last year.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY DECEMBER 18	TUESDAY DECEMBER 19	WEDNESDAY DECEMBER 20	THURSDAY DECEMBER 21	FRIDAY DECEMBER 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1200 (+.0100)	\$1.1350 (+.0150)	\$1.1350 (N.C.)	\$1.1350 (N.C.)	\$1.1350 (N.C.)	+.0250	\$1.1320 (+.0300)
40# BLOCKS	\$1.1250 (N.C.)	\$1.1400 (+.0150)	\$1.1450 (+.0050)	\$1.1400 (-.0050)	\$1.1600 (+.0200)	+.0350	\$1.1420 (+.0330)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.1500 (-.0500)	-----	\$1.1450 (-.0050)	-----	\$1.1300 (-.0150)	-.0700	\$1.1417 (-.1083)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, DECEMBER 18, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1200; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1350, 1 @ \$1.1400
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR @ \$1.1500; BIDS UNFILLED: 2 CARS: 1 @ \$1.1500, 1 @ \$1.1000; OFFERS UNCOVERED: NONE

TUESDAY, DECEMBER 19, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1450, 1 @ \$1.1350; BIDS \$1.1350; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1450
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 20, 2000

CHEESE -- SALES: 8 CARS BARRELS: 3 @ \$1.1500, 1 @ \$1.1450, 1 @ \$1.1400, 1 @ \$1.1500, 1 @ \$1.1450, 1 @ \$1.1350; 3 CARS 40# BLOCKS: 1 @ \$1.1350, 1 @ \$1.1400, 1 @ \$1.1500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1450
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.1475, 1 @ \$1.1200, 1 @ \$1.1250; BIDS UNFILLED: 3 CARS: 1 @ \$1.1450, 1 @ \$1.1000, 1 @ \$1.0400; OFFERS UNCOVERED: 1 CAR AA @ \$1.1500

THURSDAY, DECEMBER 21, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1400, 1 @ \$1.1550
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 22, 2000

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1550, 1 @ \$1.1600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS @ \$1.1300; BIDS UNFILLED: 2 CARS: 1 @ \$1.1000, 1 @ \$0.9000; OFFERS UNCOVERED: 4 CARS: 1 @ \$1.1400, 1 @ \$1.1450, 1 @ \$1.1500, 1 @ \$1.1550

BUTTER MARKETS**NORTHEAST**

The market tone remains weak. Through the December 18 trading, butter price at the CME has dropped more than 70 cents since December 6. Contacts expect continued declines before Christmas. Demand for butter has slackened at the wholesale level as nearly all the year end orders have been delivered. Distributors are busy with last minute orders or normal weekly deliveries to smaller retail outlets and restaurants. Producers are still filling print orders, but incoming orders have slowed. Churning activity is light to moderate, but more excess cream is anticipated in the coming weeks. Some cream suppliers reported, late last week, that more offerings are appearing. Less West Coast butter is being purchased which, reportedly, is helping push CME prices lower. Retail movement is about steady. Food service orders are holding up at good levels. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

CENTRAL

Prices continue to weaken. Demand for butter, bulk and print, is slowing now that most Christmas and New Years needs have been filled. Comments from some contacts note that butter is readily available. With more surplus milk being available over the holidays, more cream is moving to churning facilities. Preparations are in place for Eastern cream to clear to Midwest butter makers and

some is already moving into the region. Retail features are not as widespread as they were at Thanksgiving, but they are evident. Food service orders are about steady.

WEST

Demand for bulk butter is generally slow. Print demand is somewhat better, but also showing end of the year doldrums after orders have been placed. Feature activity is noticeably less than was apparent for the Thanksgiving holiday. Overall butter sales are expected to be good, but not outstanding. Contacts are not sure if cash butter prices will fall below a dollar this winter. They want to wait and see what milk production, butter output, and stock levels look like in early January before they decide. CME weekly butter stocks stand at 9.8 million pounds, down only slightly from last week. In a normal year, stocks begin to rebuild the first week in January. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	40# BLOCKS	CHEESE BARRELS 39% MOISTURE	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
DECEMBER 16	1.0906 6,288,769	1.0609 8,652,666	1.0782 8,652,666	1.0188 17,424,841	1.4776 3,780,645	0.2224 8,445,024

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally higher, but the market tone is unsettled. Year end orders are slowing as most retail outlets have enough on hand to meet their needs. Most buyers have reduced the volumes orders until after the holidays. Last minute, fill-in orders are keeping many distributors busy. Production levels are still below normal as milk supplies remain tight in the Northeast. In the East, cheese makers report continued good demand for mozzarella, but slow to fair movement on other types. Retail sales are fair to good, mostly fair. Food service orders are holding up nicely and should be maintained through Super Bowl weekend.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1525-1.6200
Cheddar Single Daisies	:	1.1100-1.5700
Cheddar 40# Block	:	1.2600-1.4300
Process 5# Loaf	:	1.3125-1.4850
Process 5# Sliced	:	1.3325-1.5875
Muenster	:	1.3125-1.5200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady to firm, at least for the short term. Cash prices have increased at the Chicago Mercantile Exchange to levels above CCC support prices. Contacts state that some efforts are being made to maximize the price and minimize the inventory for calendar year end positioning. Current cutting activity ranges from steady to occasionally slower. Most processors and cutters will be operating on holiday abbreviated schedules during the next two weeks. Mozzarella supplies, particularly on traditional make, remain tight to short. Increased demand for outside lab testing of commercial bulk products is shifting the sourcing of some bulk cheeses and increasing the production cost. Some shippers are having problems finding truckers, mainly interregionally, during the holiday period. Frequent, occasionally heavy, snow has slowed many deliveries. Holiday gift pack orders are winding down. Some manufacturing plants are anticipating extra milk to be available during the holidays with no problems expected with finding adequate plant capacity. Cheese production is steady at seasonally light levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3025-1.4800
Brick And/Or Muenster 5#	:	1.4700-1.7025
Cheddar 40# Block	:	1.4700-2.1150
Monterey Jack 10#	:	1.6700-2.1150
Blue 5#	:	1.8475-2.0900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0950-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	DECEMBER 18 - 22, 2000
BARRELS*	:	\$1.1025 - 1.1350 (NOMINAL)
	:	(\$0.0125) (.0350)
40# BLOCKS	:	\$1.1100 - 1.1450 (NOMINAL)
	:	(\$0.0150) (-.0075)

() Change from previous week. * If steel, barrel returned.

WEST

Prices continue to increase very slowly for process and natural cheese. Most believe they have rebounded far enough to curtail most offerings to CCC at this time. Demand is excellent, often better than anticipated. Some buyers are/were scrambling to find enough to cover very short term needs. Demand will drop sharply as needs will be covered for the end of the year holidays. Freight delivery issues are also a concern at this time of year along with weather problems in the northern tier of states. Contacts are wondering how much surplus milk will be available over the next two holiday weeks. If milk is heavy there may be enough cheese production to cause softness in cheese prices again. Swiss sales are seasonally good with most plants at maximum production levels.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2525-1.5125
Cheddar 40# Block	:	1.2350-1.3750
Cheddar 10# Cuts	:	1.4150-1.6350
Monterey Jack 10#	:	1.4250-1.5850
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

FOREIGN

Prices for domestic styles are higher again this week. The market tone is seasonally firm. However, the holidays are typically the high point of the year for foreign type cheese sales. Most orders are "in-store" and distributors are busy making last minute orders. Imports are about steady, but new orders are infrequent as importers wait for new licenses after the first of the year. The Euro is gaining strength. This tends to increase purchasing prices of cheese from the EU. However, buyers are resisting some of the higher prices.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.4550-2.9500*
Gorgonzola	3.2400-5.9400	2.0050-2.4900*
Parmesan (Italy)	TFEWR	2.8700-2.8950*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.4625-1.7400*
Romano (Cows Milk)	-0-	2.6450-4.8200*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.3100	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
12/18/00	4,393	132,063
12/01/00	5,987	129,823
CHANGE	-1,594	2,240
% CHANGE	-27	2

FLUID MILK AND CREAM

E A S T

Regional Milk Market Administrators announced the following, November 2000 uniform prices: Northeast \$13.36 (at Boston), Mideast \$11.91, Southeast \$14.14, Florida \$15.90, and Western New York (a state order) \$14.28 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) During November, milk production in the 20 major states totaled 11.5 billion pounds, up 1.5% from November 1999. The following are the November to November changes for selected states: Texas -5.8%, Virginia -5.7%, New York -0.7%, Pennsylvania unchanged, Kentucky +1.5%, Vermont +2.8%, and Florida +7.5%. For the second consecutive week, a major storm plagued the East. Below freezing temperatures were reported in much of Florida, ice and snow storms ranged from New England down into the Gulf Coast states. Businesses and roads were closed in the Southeast which greatly affected delivery schedules. The storms did cause some panic buying of milk and other food staples. The additional demand for milk is being offset by school closings and the resulting lower milk consumption. Milk production is steady in the Northeast/Middle Atlantic areas and higher in Florida and other Southeast states. This week, Florida handlers shipped 84 loads out of state for processing. Contacts there commented on the up and down week bottlers were having and how this affected orders for milk. By comparison, Florida imported 26 loads last week and exported 44 loads during the same week last year. Contacts in other Southeastern states were very busy trying to find homes or outlets for all the milk that was showing up. Florida's exports are in addition to the milk that normally moved into Florida and handlers were scrambling to find outlets. The storm induced demand for milk was good, but school closings created more milk to clear. Except for contracted loads, no outside purchases were made this week. Snow and cold in the Middle Atlantic area caused some improved sales of bottled milk. Fluid milk supplies are still on the tight side, but not like they were the past few weeks. Manufacturing is picking up as more surplus milk is available. Contacts expect heavy volumes of surplus milk over the holiday weekend and into next week. Most welcome this additional milk, but the spiraling costs of natural gas and other fuels and how those costs will be recouped, if they can be, are a major concern. The condensed skim market is little changed, but more milk is available at some plants. Demand is still good and prices are unchanged. The fluid cream market is weaker as the CME butter price is dropping and demand slows seasonally. Spot prices are markedly lower and weekend cream is scheduled to move based on "price-date-of-shipment" and could be lower than our reported range. Many ice cream makers are down for the next week or two. Other producers are operating and taking advantage of lower fat costs and increased availability. Cream cheese output is about steady to slower. Egg nog production has all but stopped as most Christmas/New Year's needs have been shipped. Churning is increasing as more cream is now available and suppliers have more loads to move out of the region.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6000-1.7500
DELIVERED EQUIVALENT ATLANTA	-	1.6250-1.7500 M 1.6500-1.7000
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6100-1.7500

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .7200-1.0100

M I D W E S T

SPOT SHIPMENTS:	LOADS
DECEMBER 15 - 21, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	12

Class I demand is strong and handlers expect demand to remain good through most of the workweek. Some extra demand may be weather related as record snowfall amounts have already been set for December in more than one location. School closings were also a factor in fluid demand. Farm milk pickups and deliveries to customers are often delayed as roads are often snow covered and slippery. Some difficulties are reported in finding a trucker to move a spot load, even within a state. As schools close for the year end holiday break, institutional sales have

slowed. Milk remains tight and supplemental loads for bottling have moved north from Kentucky to supplement supplies in the Upper Midwest and from the Central order to fill local area bottlers. Production of holiday items such as eggnog and dips remains heavy. A total of 35 loads of Wisconsin milk are direct shipped to Missouri along with 21 loads to Tennessee and pooled under other federal orders to supplement local offerings. Wisconsin and Minnesota milk is moving to Ohio for Class II use. Manufacturing milk demand is good and pre-holiday commitments for holiday milk reported at from 15 cents below MCP to 75 cents over. Cream prices are sharply lower, reflecting recent sharp declines in the cash butter price at the Chicago Mercantile Exchange. Current milk intakes are mostly steady to even occasionally lower. Estimated November milk production in selected Midwestern states compared with November 1999 is: Wisconsin 1.841 billion pounds, up 16 million pounds (0.9%); Minnesota 745 million pounds, down 7 million pounds (0.9%); Michigan 468 million pounds, an increase of 33 million pounds (7.6%), and Iowa 312 million pounds, up 7 million pounds (2.3%).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.50- 42.00	\$ 35.00- 42.00
REPLACEMENT HEIFER CALVES	\$235.00-320.00	\$250.00-345.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 47.25	\$ 32.00- 44.75

W E S T

U.S. milk production in the 20 surveyed states totals 11.5 billion pounds for November, up 1.5% from November 1999. This is the smallest increase from a year earlier in 26 months. The cow herd growth is slowing and production per cow is lagging. Cumulative output for the year is up 3.4% for the first eleven months of the year. November output for selected Western states compared to last year is as follows: Arizona -8.4%, California +1.7%, Idaho +8.5%, New Mexico +5.1%, and Washington -0.7%. Cow numbers in these five states were up 127,000 head from a year ago. Production per cow was not above year ago levels in any of these states. Contacts are speculating why output per cow is trailing last year and unsure as to the reasons. Milk production in the Southwest is holding mostly steady at levels only slightly higher than a year ago. Processors generally expect to be able to handle and process surplus milk over the next two holiday weeks. Fluid milk processing is shifting away from school milk as holiday vacations start. There are local areas in California where milk production is below last year at this time. Some comments were noted that last year was a better production month than current conditions will allow. There remains concern why milk output per cow is staying below a year ago. The trade is also concerned about restrictions and prohibitions on new facilities and expansions in several of the largest production counties in the state. Processors met late last week to discuss power and natural gas prices and availability. The higher prices are increasing processing costs and these increases are not yet able to be passed on to customers. There continues to be some shifting of milk away from dryers to cheese plants, but this is not a long term solution to the problems. Feed cost are holding steady with fair to good availability of quality feed stuffs. Cream markets are highly variable this week with multiples continuing to range from 115 to 130 FOB, but the basing point is the variable. With butter prices trending lower and seasonal cream-based products made, demand for cream has diminished and excesses are clearing to churns. No change in milk output is reported in New Mexico. Levels are trending seasonally higher, but not to the extent over a year ago. Milk handling is still achieved locally. Arizona production is said to be steady to slightly increasing. Conditions are favorable for milk production and volumes are expected to increase. Processing capacity is ample for current volumes and supplies over the holidays should be handled efficiently. Plants in the Pacific Northwest are not expecting any problems handling milk over the next two holiday weekends. They are much more concerned about spring flush levels. Heifer demand is slowing and herd dispersals are finding little interest. Some much needed moisture is falling over the region. Weather conditions are very moderate in Utah and Idaho. Little weather stress is noted on the milking herds at this time. The same cannot be said for financial stress. More herd sales are noted and bill paying is falling into arrears for more producers.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/21/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a steady to firm market. Low heat movement is somewhat slower than last week. Most producers hope to clear inventories before the year end. Stocks are in balance to sold out. Tight milk supplies in the East and parts of the Central region are encouraging milk to move away from NDM dryers. Producers are not anticipating much of a seasonal holiday surge in NDM production. High heat demand is strong. Most production is for contractual commitments with producers generally unable to satisfy spot interest. Uncommitted supplies reported for the week by the government total 353.6 million pounds.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0300 - 1.0600 MOSTLY: 1.0300 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady market. Trading is very light as supplies are scarce. Some producers are not anticipating any changes in the buttermilk market in the near term. With continual decreases in the butter market, incentives to produce butter and buttermilk will decline, and prices will continue unchanged. However, on the buy end, the speculation is that milk production will rise seasonally and supplies will be directed into butter, increasing buttermilk availability. Demand is fair with most movement occurring on regular commitments. Some aged product is available at prices within the range.

BUTTERMILK: 1.0050 - 1.0600

DRY WHEY - CENTRAL

Prices are higher on a firm market. Demand is unchanged to lower compared to last week. Unseasonal increases in the whey price are catching some buyers off guard. Some feed buyers are especially troubled by whey price increases given that the substitute, WPC, offers no price incentive in relation to cost. Permeate use is however increasing and supplies are tightening. Some edible buyers are considering lactose as a substitute browning agent in baked products. Producers continue to report tight whey supplies with some production increases expected during the holidays. Most traders anticipate the market to continue firm into the new year. However, questions arise as to whether the market will remain firm through January, especially as milk supplies increase.

NONHYGROSCOPIC: .2450 - .2750 MOSTLY: .2475 - .2575

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. Milk replacer and roller ground prices are trending upward with the Extra Grade market. While milk replacer supplies are tight, product is sometimes difficult to move as buyers resist price increases. Roller ground demand is increasing and buyers are showing more interest in contracting for 2001. Delactose prices continue unchanged on a steady to firm market. With increases in whey and WPC prices, some producers are speculating price increases on delactose. Inquiries from feed buyers are strong with most suppliers unable to satisfy spot requests. Most delactose contracts are set for 2001. Veal prices are trading below break-even. Early weaned pig demand is good on light offerings.

MILK REPLACER: .2100 - .2200

ROLLER GROUND: .2275 - .2475

DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. First quarter contracts continue to be reported at prices that are unchanged to slightly higher than fourth quarter. Some negotiations are being delayed until after January 1 to gain a better perspective on the market. Price increases in the whey markets are encouraging some buyers to make inquiries on lactose. Bakeries accustomed to using whey can instead use lactose for their browning agent. Feed buyers, with an appropriate protein source, can modify their formula to include lactose. However, such transitions have yet to take place. Export inquiries persist from Asia, New Zealand and Mexico. Production is generally unchanged and supplies are mixed. Some plants have product to clear while others are short. Extra Grade is readily available for domestic feed buyers at .1500 - .1550 FOB. Off grade is trading below the range at prices varying with the quality.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2100 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Increasing demand in isolates is decreasing the amount of condensed WPC available for 80% and 34% WPC production. Movement on 80% WPC is strong with most producers unable to satisfy demand. Interest on 34% WPC is growing. Some feed buyers are looking to contract more WPC in 2001 to guarantee supplies that are currently short of buyer needs. Others are more skeptical and are contracting less in the hopes of bartering better deals, especially with respect to veal facilities. Export movement is good into Mexico and China. Some resale product is available and trading above most manufacturer premiums. Condensed supplies are heavier due to end user plants closing for the holidays. Aged European supplies are a competitive substitute into some feed facilities. Off grade product is available at prices that vary with the quality for the good demand.

EXTRA GRADE 34% PROTEIN: .7350 - .7800 MOSTLY: .7425 - .7525

NONFAT DRY MILK - WEST

Nonfat dry milk prices are slightly higher for low/medium heat NDM. The market tone is generally steady with continuing heavy offerings to the CCC support program to clear surpluses. Demand is waning entering the end of year holidays with concerns over inventories and transportation apparent. Expectations are that drying schedules during the next two holiday weeks will be heavier to handle surplus milk volumes. Drying costs remain a big concern in the region. Some processors are fortunate to have locked in natural gas prices and are not under the same stress. High heat demand is fair with seasonal declines in buying interest noted. Prices are fractionally higher. For the week December 11 - 15, net CCC purchases totaled 8.2 million pounds of nonfortified NDM and 2.1 million pounds of fortified NDM from the West. The CCC also announced uncommitted inventories of 353.6 million pounds of NDM. No further details on sellback availability or sellback pricing have been announced.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0250 MOSTLY: 1.0050 - 1.0150

HIGH HEAT: 1.0400 - 1.0800

DRY BUTTERMILK - WEST

Dry buttermilk prices are slightly higher for both range and mostly in generally light activity. Seasonal declines in demand are apparent. Offerings continue to be available on a limited basis. Production would be expected to trend higher with increases in butter churning. However, with increased drying costs, processors are pushing and discounting condensed skim to reduce costs. Stocks remain light.

BUTTERMILK: .9700 - 1.0200 MOSTLY: .9700 - .9900

DRY WHEY - WEST

Prices continue to strengthen for Western whey powder. Producer offerings are lighter and any stocks are being held with more confidence. Buyers from other regions of the country are looking in the West to find the whey that they need. Export sales are good, especially for this time of the year. Contacts are expecting that some additional whey powder may be manufactured over the next two holiday weekends, but they don't believe that it will be enough to have much impact on the market. Surplus milk supplies don't appear to be as heavy as some years. Energy costs and availability are concerns for the new year.

NONHYGROSCOPIC: .1900 - .2400 MOSTLY: .1975 - .2100

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
December 15	\$1.0093	15,095,396
December 8	\$1.0113	11,579,552

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales packaged in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and nominal in the Northeast. The market tone is steady to firm and there is little available from Eastern producers. Drying schedules have been very light, but that may change as surplus milk volumes are expected to increase from now until after the first of the year. Balancing plants in the Southeast are up and running and will continue to operate through the holidays. In the Northeast, more milk will be available, but fuel costs to run the plants are a growing concern. Some businesses (not just dairy plants) in parts of the far north have been notified that they will not have natural gas for the first quarter of 2001. Users are, needless to say, working feverishly to remedy this situation. Condensed skim sales are steady to slower as some users are seeing their own milk supply increase slightly. Demand for NDM is good and most needs are being filled with Western powder. Another storm hit much of the East this week causing transportation and delivery delays.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0500 - 1.0800 MOSTLY: 1.0600 - 1.0650

HIGH HEAT: 1.1000 - 1.1200 MOSTLY: 1.1100 - 1.1150

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher and nominal. Production is light, but more cream is finding its way to churns and increased output over the holiday period is expected. Currently, plant stocks are tight. Most Eastern producers have little, if any, on hand for spot sale. More often, LTL quantities are being shipped to partially satisfy as many customers as possible. Inquiries from new accounts are going unsatisfied. Demand for condensed buttermilk is slowing as many ice cream producers shut down for a week or two at the end of the year. The call for dry buttermilk is steady.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0100 - 1.0500

DRY WHOLE MILK - NATIONAL

Prices are steady to lower as butter prices at the CME continue to drop (over 70 cents since December 6). Production levels are light to moderate reflecting the slow to fair seasonal demand and the rising costs of natural gas and electricity. The market tone is steady. Producer stocks are closely balanced. Most production is to fill contracts. With more milk available over the holidays, producers usually make NDM to clear the milk a little faster.

F.O.B. PRODUCING PLANT: 1.2275 - 1.3700

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH DECEMBER 15, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices moved higher again this week and the market tone is strong. Most Eastern dry whey producers are sold out. Some are taking orders for shipment in January while others have temporarily stopped taking orders. Production levels are light to moderate and barely able to keep pace with shipping schedules. One contact commented on how disappointing it is to have to call customers and inform them that their scheduled shipping times are being delayed. Early this week, another storm hit the East and delivery times were further delayed. Some additional output may occur during the holidays when more milk is available, local producers are not all that eager to put up more cheese when there is uncertainty regarding where cheese prices are headed. Demand is good. New spot inquiries are often going unsatisfied, even from resale channels. Traders comment that it is next to impossible to get an extra, or spot load direct from the producer. Export interest remains good and there is growing firmness in the European dry whey market where stocks there are tight and prices have risen in the past week or two.

F.O.B. NORTHEAST: EXTRA GRADE .2425 - .2525

USPH GRADE A .2350 - .2600

DELVD SOUTHEAST: .2725 - .3100

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is slower. Some last minute deliveries are being made. However, for the most part, incoming orders at the producer level have ceased. Retailers have enough on hand to carry them through the holidays. Producers are now setting about the task of replenishing their inventories. More surplus milk is expected to be available in the coming weeks and producers will likely take advantage of this extra milk to make more product. Typically, this is the time of year when producer stocks are at their lowest point. Retail features have been widespread and sales were generally good.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Both casein price ranges are unchanged. The market conditions for the first quarter of 2001 remain firm. Pricing levels are noted to be higher for new contract sales. Supplies to meet US needs are currently barely adequate to balanced and few spot trades can be made because of the lack of available casein.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.2500 - 2.4000

ACID: 2.3000 - 2.4500

CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	12/06	12/07	12/08	12/11	12/12	12/13	12/14	12/15	12/18	12/19
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
DEC 00	9.30 (1098) 49	9.30 (1101) 16	9.22 (1094) 17	9.20 (1093) 1	9.18 (1095) 2	9.22 (1095) 0	9.22 (1095) 3	9.24 (1095) 0	9.21 (1105) 16	9.22 (1105) 8
JAN 01	9.65 (835) 11	9.64 (846) 11	9.65 (849) 3	9.65 (864) 21	9.67 (864) 4	9.71 (866) 2	9.74 (868) 15	9.75 (861) 34	9.80 (865) 12	9.88 (851) 36
FEB 01	9.65 (771) 34	9.55 (786) 25	9.66 (785) 2	9.55 (786) 1	9.65 (785) 14	9.70 (785) 0	9.74 (783) 18	9.76 (782) 8	9.81 (784) 6	9.86 (778) 32
MAR 01	9.90 (632) 22	9.80 (639) 10	9.80 (643) 10	9.85 (644) 1	9.86 (647) 6	9.85 (647) 0	9.86 (632) 23	9.97 (634) 6	10.03 (638) 14	10.08 (642) 36
APR 01	9.99 (566) 13	9.91 (575) 19	9.94 (597) 25	9.99 (589) 30	10.00 (589) 0	9.95 (587) 6	10.04 (590) 5	10.06 (590) 3	10.06 (591) 8	10.15 (591) 39
MAY 01	10.08 (670) 29	10.03 (685) 31	10.04 (688) 6	10.04 (688) 3	10.07 (688) 0	10.05 (688) 1	10.08 (688) 4	10.10 (688) 1	10.10 (690) 10	10.16 (694) 31
JUN 01	10.47 (422) 30	10.45 (436) 22	10.44 (436) 7	10.41 (436) 6	10.44 (436) 6	10.47 (436) 9	10.50 (437) 6	10.55 (444) 8	10.56 (457) 23	10.60 (507) 71
JLY 01	10.90 (323) 23	10.88 (333) 10	10.84 (335) 2	10.82 (340) 5	10.84 (343) 5	10.87 (334) 14	10.95 (336) 4	11.00 (340) 16	11.02 (350) 33	11.13 (367) 27
AUG 01	11.20 (308) 7	11.19 (316) 17	11.15 (322) 11	11.15 (331) 19	11.17 (333) 9	11.23 (333) 0	11.23 (341) 9	11.25 (351) 27	11.31 (375) 38	11.39 (428) 108
SEP 01	11.30 (251) 20	11.25 (259) 8	11.18 (265) 6	11.21 (270) 10	11.24 (274) 6	11.28 (275) 3	11.30 (285) 10	11.30 (297) 34	11.38 (302) 24	11.43 (351) 76
OCT 01	11.25 (174) 28	11.22 (185) 11	11.19 (186) 1	11.20 (192) 9	11.24 (194) 3	11.28 (190) 11	11.33 (199) 9	11.33 (209) 28	11.39 (229) 37	11.42 (283) 71

CME - CLASS IV MILK FUTURES - Dollars per cwt.

DEC 00	13.45 (223) 16	13.30 (227) 23	13.25 (228) 4	13.25 (229) 6	13.34 (229) 13	13.35 (242) 23	13.40 (276) 54	13.40 (276) 2	13.40 (313) 46	13.40 (320) 15
JAN 01	11.65 (177) 22	11.65 (189) 30	11.70 (189) 0	11.70 (189) 0	11.70 (189) 0	11.75 (191) 5	11.79 (191) 0	11.75 (192) 6	11.80 (198) 6	11.75 (198) 0
FEB 01	11.70 (123) 4	11.70 (123) 0	11.70 (123) 0	11.70 (131) 11	11.65 (141) 10	11.65 (146) 5	11.65 (148) 2	11.70 (149) 1	11.75 (149) 0	11.75 (151) 2
MAR 01	11.55 (106) 0	11.60 (106) 3	11.65 (106) 0	11.65 (106) 0	11.65 (106) 0	11.65 (106) 0	11.65 (108) 2	11.70 (108) 0	11.70 (119) 12	11.70 (122) 4
APR 01	11.74 (97) 0	11.74 (99) 2	11.69 (104) 5	11.69 (111) 8	11.70 (112) 1	11.55 (113) 1	11.69 (115) 3	11.75 (115) 0	11.75 (118) 3	11.80 (124) 6
MAY 01	11.70 (161) 1	11.65 (163) 11	11.70 (163) 5	11.74 (164) 2	11.76 (164) 0	11.70 (166) 2	11.70 (167) 2	11.75 (167) 0	11.75 (170) 3	11.80 (172) 2
JUN 01	11.76 (111) 0	11.76 (113) 2	11.90 (114) 6	11.82 (114) 1	11.82 (114) 0	11.82 (115) 1	11.75 (116) 1	11.80 (116) 0	11.80 (119) 3	11.90 (121) 3
JUL 01	12.14 (114) 0	12.14 (114) 0	12.15 (115) 3	12.15 (115) 0	12.15 (115) 0	12.15 (115) 1	12.15 (115) 0	12.15 (120) 7	12.15 (122) 3	12.20 (124) 2
AUG 01	12.15 (42) 0	12.15 (42) 2	12.20 (44) 2	12.30 (44) 0	12.20 (57) 14	12.40 (57) 0	12.39 (57) 0	12.39 (62) 5	12.50 (62) 3	12.55 (62) 1
SEP 01	12.15 (7) 0	12.15 (9) 2	12.20 (11) 2	12.30 (11) 0	12.30 (17) 6	12.50 (17) 0	12.50 (17) 1	12.50 (17) 2	12.51 (17) 0	12.51 (21) 4
OCT 01	12.69 (29) 0	12.69 (31) 3	12.40 (31) 1	12.41 (31) 0	12.41 (32) 2	12.40 (32) 0	12.41 (32) 0	12.41 (32) 0	12.51 (37) 15	12.69 (37) 0

CME - BUTTER FUTURES -- Cents per pound

MAR 01	115.00 (72) 23	115.00 (77) 14	117.00 (77) 0	117.00 (75) 0	117.00 (75) 4	116.95 (75) 0	116.00 (78) 3	114.00 (78) 0	114.00 (78) 0	114.00 (78) 0
MAY 01	120.00 (8) 0	119.50 (10) 2	120.00 (10) 0	120.00 (10) 0	120.00 (21) 15	119.00 (21) 0	119.00 (21) 2	118.00 (21) 0	118.00 (21) 0	118.00 (21) 0
JUL 01	122.00 (13) 0	122.00 (13) 0	122.00 (13) 0	122.00 (13) 0	122.00 (13) 0	122.00 (13) 0	122.00 (14) 1	121.50 (14) 0	121.50 (14) 0	121.50 (14) 0
SEP 01	119.00 (2) 0	119.02 (2) 0	120.52 (2) 0	120.52 (2) 0	122.00 (2) 1	125.52 (2) 1	126.00 (5) 3	125.25 (5) 0	125.25 (7) 2	126.00 (7) 0
OCT 01	129.97 (1) 0	129.00 (1) 0	129.00 (1) 0	129.00 (1) 0	128.00 (1) 0	128.00 (2) 1	127.50 (2) 0	127.50 (2) 0	127.50 (2) 0	127.50 (2) 0

NYBOT - MILK INDEX -- Dollars per cwt.

DEC 00	9.35 (17) 0	9.35 (17) 0	9.30 (17) 0	9.25 (17) 0	9.25 (17) 0	9.25 (17) 0	9.25 (17) 0	9.25 (17) 0	9.25 (17) 0	9.25 (17) 0
JAN 01	9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.70 (3) 0	9.75 (3) 0	9.75 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered December 11 - 22, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Late fall weather conditions prevail in most European countries. No significant adverse weather conditions are being reported, thus milk production is not being negatively affected by this factor. All in all, the fall has been quite mild. Milk production patterns are at seasonal low levels with many areas reporting slight increases. Manufacture of dairy products is typically low at this time of year and this year is no different. Many producers and handlers were hopeful that a more positive trend would occur as stocks of most products are much lighter than desired. As has been the case all year, most of Europe's production was committed early on in the production cycle and now producers are trying to fill those late season needs. Often, producers/handlers/traders are having difficulty in filling all of these late season deliveries on a timely basis. Letters of credit from some buyers for final quarter deliveries are very slow in developing, thus some of this product earmarked and readied for shipment has been directed to other buyers. Traders indicate that if these letters should now appear, deliveries will be in February or March at the earliest. Outside of this unshipped product, stocks for immediate shipment are not available. Often buyers are satisfied when they are able to locate a source for first quarter delivery. Buyers feel prices during the first quarter will be down slightly, while producers and handlers are indicating this to not be the case. Both buyers and sellers were anticipating stocks out of the Oceania region to be more available than they are, thus this mixture of price opinions is occurring.

BUTTER/BUTTEROIL: Butter prices are steady, though the market is developing a weak undertone. Export interest for early in the New Year is limited. Current butter production remains light, reflecting low seasonal milk receipts and the stronger demand for milk for other uses.

82% BUTTERFAT:	1,250 - 1,400
99% BUTTERFAT:	1,400 - 1,600

SKIM MILK POWDER (SMP): Skim milk powder markets remain firm. Stocks are basically nonexistent, although in instances, some powder has become available. This available powder was earmarked and readied for shipment, but letters of credit or other needed paperwork did not materialize, thus the powder was used to fill other commitments. European traders are closely watching the U.S. now that more than 300 million pounds of government owned skim milk powder was switched from committed to uncommitted inventories.

1.25% BUTTERFAT:	2,100 - 2,250
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WHOLE MILK POWDER (WMP): European whole milk powder markets are unchanged from past weeks. Stocks of powder are quite limited and basically not available for immediate shipment. In some instances, whole milk, previously committed, has not been shipped due to lack of timely letters of credit, thus this powder has become available for other immediate shipment sales. Buyers continue to negotiate first quarter sales with producers. Many producers, traders, or handlers feel that a large percentage of first quarter's production has been committed.

26% BUTTERFAT:	1,900 - 2,150
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SWEET WHEY POWDER: Whey markets are firm. Demand for whey powder continues to surpass availability. Demand is very active from the calf feed industry due to the limited volumes of skim milk powder. Whey powder demand has also improved recently due to the BSE situation and the ban of animal meal in rations, thus feed buyers are looking to alternative protein sources.

NONHYGROSCOPIC:	550 - 700
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OVERVIEW: EASTERN EUROPE: Milk production patterns in Eastern Europe are at seasonal low levels. In most countries, milk output during the past production season trailed the previous year and the outlook for the upcoming season is not overly positive. Stocks of manufactured dairy products are low and what is available is being consumed within domestic markets. No significant international sales are being reported at this time.

OCEANIA

OVERVIEW: Milk production patterns in Australia and New Zealand are now on the down side of the seasonal pattern. In New Zealand, milk output continues to run ahead of last year, although the seasonal peak did not reach as high of a level as many milk handlers anticipated. Reports indicate that milk output is running between 6 - 7% ahead of last season. In Australia, September showed a strong start to the production season, but the past 2 ½ months have not been as positive. Most milk producers and handlers report a poor spring. In both countries, milk production did not attain levels previously anticipated, thus most marketing projections are now being reviewed and often adjusted. Some Oceania producers and handlers are concerned about having sufficient volumes of manufactured dairy products to meet commitments. At this point, most dairy product stocks are reported as being in close balance with minimal volumes available for spot sales. Most trading occurring out of the Oceania region is to regular and ongoing customers. There are no significant new sales being reported. Although shipments continue, most activity is slowing as the year end holidays are at hand.

BUTTER: Oceania butter markets are steady at unchanged prices. For the most part, butter stocks are in balance to meet current and future needs, although minimal for new buyer interest. In many instances, butter production has not been as strong as previously projected. Most butter sales are centering around regular and ongoing customers. Now that Ramadan and other year end holidays are at hand, butter sales activity has slowed.

82% BUTTERFAT:	1,300 - 1,350
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CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. There is a slight price firmness developing within the Oceania cheese market. Lighter than projected milk production patterns in Australia and New Zealand are causing some cheese producers to closely monitor their cheese inventories, although stocks are sufficient to meet current commitments. For the most part, sales activity continues to center around regular and ongoing customers.

39% MAXIMUM MOISTURE:	1,950 - 2,050
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SKIM MILK POWDER (SMP): Skim milk powder markets and prices are generally steady. Seasonal milk production patterns in Australia and New Zealand are not as positive as many milk handlers previously anticipated. Production of manufactured dairy products is not as strong as projected. At this point, stocks are sufficient to maintain regular shipments of committed product, although there is not a significant volumes available for new buyer interest.

1.25% BUTTERFAT:	2,175 - 2,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are unchanged. Most trading activity continues to center around regular customer needs. In many instance, new buyer interest is going unfilled as most of Oceania's production has been committed or earmarked for future delivery. Milk production in the Oceania region did not attain anticipated peak levels, thus milk handlers are selective in where they are currently placing milk volumes.

26% BUTTERFAT:	2,000 - 2,150
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Exchange rates for selected foreign currencies: DECEMBER 18, 2000

.4055 Dutch Guilder	.4569 German Mark
.1362 French Franc	.4305 New Zealand Dollar
.1067 Mexican Peso	.5419 Australian Dollar
1.4743 British Pound	.0089 Japanese Yen
.2319 Polish Zloty	.8937 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1067= 9.3721 That is 1 US Dollar equals 9.3721 Mexican Pesos.

Source: Wall Street Journal

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

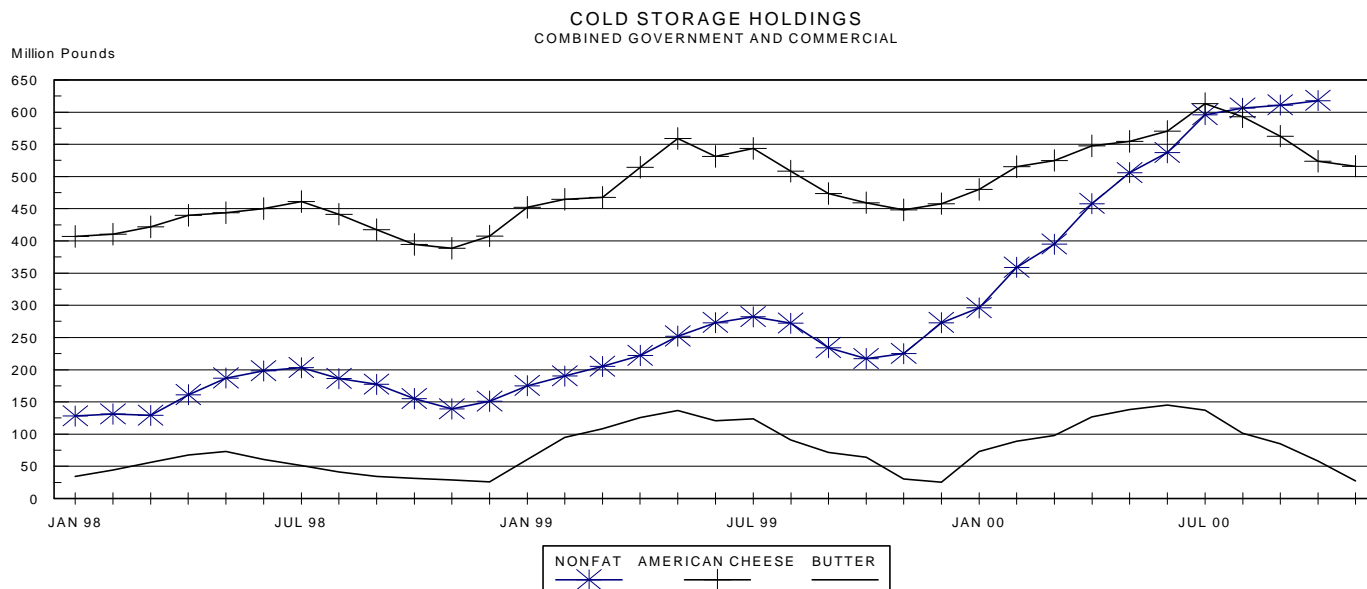
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	OCT 31, 1998	OCT 31, 1999	REVISED OCT 31, 2000	NOV 30, 1998	NOV 30, 1999	NOV 30, 2000
Butter	31,164	64,226	57,959	28,698	30,184	27,063
Cheese, Natural American	394,692	459,404	523,944	388,529	448,250	516,035
Cheese, Swiss	12,362	9,372	8,827	11,911	9,075	10,882
Cheese, Other Natural	115,658	153,233	149,061	94,029	134,397	140,428
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	8	391	330	8	313	196
Natural American Cheese	216	67	711	26	24	706

DECEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter*			Other Natural Cheese		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
New England	21,656	20,241	18,761	---	---	---	270	519	447
Middle Atlantic	40,450	40,920	45,553	---	---	---	6,874	6,684	6,426
East North Central	202,290	218,856	259,836	---	---	---	75,923	77,357	67,863
West North Central	55,061	99,162	98,181	---	---	---	1,930	39,926	55,400
South Atlantic	527	376	5,494	---	---	---	725	1,650	600
East South Central	194	0	0	---	---	---	1,443	146	147
West South Central	385	835	348	---	---	---	236	144	682
Mountain	14,774	11,975	11,407	---	---	---	671	349	978
Pacific	53,192	55,885	76,455	---	---	---	5,957	7,622	7,885
TOTAL	388,529	448,250	516,035	28,698	30,184	27,063	94,029	134,397	140,428

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1999 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Million Pounds						Million Pounds						Million Pounds					
January	73	61	73	61	<u>3/</u>	<u>3/</u>	480	452	480	452	<u>3/</u>	<u>3/</u>	296	175	146	82	150	93
February	89	95	89	95	<u>3/</u>	<u>3/</u>	515	465	515	465	<u>3/</u>	<u>3/</u>	359	190	173	108	186	82
March	98	108	97	108	<u>3/</u>	<u>3/</u>	525	468	525	468	<u>3/</u>	<u>3/</u>	395	205	168	123	227	83
April	127	126	127	125	<u>3/</u>	<u>3/</u>	548	514	548	514	<u>3/</u>	<u>3/</u>	458	222	197	136	260	86
May	138	137	138	136	<u>3/</u>	<u>3/</u>	555	559	555	559	<u>3/</u>	<u>3/</u>	506	252	197	164	309	88
June	145	121	144	120	<u>3/</u>	<u>3/</u>	570	531	570	531	<u>3/</u>	<u>3/</u>	537	273	171	158	366	114
July	137	124	136	123	<u>3/</u>	<u>3/</u>	613	544	613	544	<u>3/</u>	<u>3/</u>	596	282	190	141	406	141
August	101	91	101	90	<u>3/</u>	<u>3/</u>	593	508	592	508	<u>3/</u>	<u>3/</u>	606	272	152	101	454	171
September	85	71	84	71	<u>3/</u>	<u>3/</u>	563	474	562	474	1	<u>3/</u>	611	234	130	87	481	147
October	58	64	58	64	<u>3/</u>	<u>3/</u>	524	459	523	459	1	<u>3/</u>	618	217	125	84	493	133
November	27	30	27	30	<u>3/</u>	<u>3/</u>	516	448	515	448	1	<u>3/</u>	225			87		138
December		25		25	<u>3/</u>			458		458		<u>3/</u>	273			139		134

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Oct 31, 1998	Oct 31, 1999	Oct 31, 2000	Nov 30, 1998	Nov 30, 1999	Nov 30, 2000
	Thousand Pounds					
Butter	31,156	63,835	57,629	28,690	29,871	26,867
Natural American Cheese	394,476	459,337	523,233	388,503	448,226	515,329

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (12-00) and "Dairy Products," Da 2-6 (12-00), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

NOVEMBER MILK PRODUCTION

Milk production in the 20 major states during November totaled 11.5 billion pounds, 1.5 percent above production in these same states in November 1999. October revised production, at 11.9 billion pounds, was 2.7 percent above October 1999. The October revision represented a decrease of 0.2 percent or 29 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,463 pounds for November, 4 pounds above November 1999.

The number of cows on farms in the 20 major states was 7.85 million head, up 95,000 head from November 1999 and up 1,000 from October 2000.

NOVEMBER 2000 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1999	2000	1999	2000	1999	2000	% CHANGE FROM 1999
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	135	140	1,755	1,550	237	217	-8.4
CA	1,484	1,550	1,715	1,670	2,545	2,589	1.7
FL	156	156	1,115	1,200	174	187	7.5
ID	329	357	1,680	1,680	553	600	8.5
IL	121	118	1,330	1,390	161	164	1.9
IN	137	149	1,275	1,400	175	209	19.4
IA	215	215	1,420	1,450	305	312	2.3
KY	131	131	1,005	1,025	132	134	1.5
MI	296	304	1,470	1,540	435	468	7.6
MN	545	530	1,380	1,405	752	745	-0.9
MO	158	151	1,130	1,170	179	177	-1.1
NM	236	261	1,660	1,580	392	412	5.1
NY	700	690	1,360	1,370	952	945	-0.7
OH	259	264	1,370	1,420	355	375	5.6
PA	618	616	1,420	1,425	878	878	---
TX	348	345	1,290	1,225	449	423	-5.8
VT	160	158	1,345	1,400	215	221	2.8
VA	121	119	1,315	1,260	159	150	-5.7
WA	245	248	1,805	1,770	442	439	-0.7
WI	1,362	1,349	1,340	1,365	1,825	1,841	0.9
20 STATE TOTAL	7,756	7,851	1,459	1,463	11,315	11,486	1.5

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (12-00), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, NOVEMBER

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for November have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During November, about 9.2 billion pounds of milk were received from producers. This volume of milk is 2.0 percent lower than the adjusted November 1999 volume. About 4.0 billion pounds of producer milk were used in Class I products, 2.9 percent higher than the previous year. Calendar composition likely had a slight positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were; Class I = 43%, Class II = 9%, Class III = 43%, and Class IV = 5%. The weighted average statistical uniform price was \$12.11 per cwt., \$0.24 lower than last month, and \$2.26 less than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF NOVEMBER 2000										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>3/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,858.8	-2.0	913.9	5.8	49	17	29	5	13.36
Appalachian (Charlotte)	005	497.8	-1.5	370.8	-5.2	75	13	5	7	14.76
Southeast (Atlanta)	007	608.0	7.1	416.8	1.2	69	10	16	5	14.14
Florida (Tampa)	006	231.8	3.0	209.0	1.7	90	6	2	2	15.90
Mideast (Cleveland)	033 <u>4/</u>	1,264.4	25.0	577.9	1.2	46	11	40	3	11.91
Upper Midwest (Chicago)	030 <u>4/</u>	1,594.0	-27.1	345.2	-4.5	22	3	74	1	10.00
Central (Kansas City)	032 <u>4/</u>	1,386.8	44.2	422.0	12.4	30	6	61	3	10.85
Southwest (Dallas)	126 <u>4/</u>	651.8	-5.3	343.1	3.9	53	5	41	1	12.59
Arizona-Las Vegas (Phoenix)	131	230.4	2.2	84.9	2.5	37	5	41	17	11.84
Western (Salt Lake City)	135 <u>4/</u>	306.1	-41.8	87.9	17.5	29	8	62	1	10.68
Pacific Northwest (Seattle)	124 <u>4/</u>	525.9	-4.4	184.4	3.8	35	6	37	22	11.80
ALL MARKET AVERAGE OR TOTAL		9,155.7	-2.0	3,955.9	2.9	43	9	43	5	12.11

1/ Names in parentheses are principal pricing points of markets.

2/ Previous year figures are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these changes; in some cases these adjustments are based on estimated data. No adjustments to previous year figures were made for handler regulation shifts that result from other than marketing area changes.

3/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

4/ Due to a disadvantageous relationship between class prices and location adjusted statistical uniform (blend) price in some markets, handlers elected not to pool milk that normally would have been associated with these markets.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF DECEMBER 18 - 22, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	PERIOD ENDING 12/15/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	237,180	-0-	237,180	3,027,394	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	3,366,496	-0-	-0-	-0-
Process	792,000	-0-	792,000	3,168,000	-0-	-0-	-0-
TOTAL	1,029,180	-0-	1,029,180	9,561,890	-0-	-0-	-0-
NONFAT DRY MILK :							
Nonfort	6,336,578	1,833,819	4,502,759	89,724,368	33,312,068	324,200,000	-0-
Fortified	1,807,565	-0-	1,807,565	18,785,697	3,490,769	29,400,000	-0-
TOTAL	8,144,143	1,833,819	6,310,324	108,510,065	36,802,837	353,600,000#	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF DECEMBER 18 - 22, 2000 =	10.9	83.6	COMPARABLE WEEK IN 1999 =	1.3	66.9
CUMULATIVE SINCE OCTOBER 1, 2000 =	112.1	1,357.7	CUMULATIVE SAME PERIOD LAST YEAR =	8.1	428.4
CUMULATIVE JANUARY 1 - DECEMBER 22, 2000 =	272.8	6,536.7	COMPARABLE CALENDAR YEAR 1999 =	49.0	2,593.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF DECEMBER 18 - 22, 2000 (POUNDS)

	BUTTER		CHEESE		NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALED	BLOCK	BARREL	PROCESS
MIDWEST	-0-	-0-	-0-	-0-	-0-	316,800
WEST	-0-	-0-	-0-	237,180	-0-	475,200
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	4,702,563	-0-	1,299,802	1,011,208	39.0	2.7
WEST	-0-	-0-	4,819,727	-0-	107,210,263	35,791,629	60.7	97.3
EAST	-0-	-0-	39,600	-0-	-0-	-0-	0.3	-0-
TOTAL	-0-	-0-	9,561,890	-0-	108,510,065	36,802,837	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 & 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/02/00 & Comparable Week 1999

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
2000-Dairy cows HD (000)	0.3	0.7	6.2	5.0	24.7	3.2	4.7	1.1	13.7	3.2	62.7	2,472.4
1999-Dairy cows HD (000)	0.3	1.0	6.9	5.8	22.2	2.3	2.2	0.9	11.2	2.7	55.5	2,416.4
2000-All cows HD (000)	0.3	0.9	8.4	15.4	35.2	15.2	20.6	6.1	16.8	7.9	126.8	5,084.3
1999-All cows HD (000)	0.3	1.3	9.4	15.5	30.6	16.1	20.0	5.3	14.7	8.8	122.0	5,280.0

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13	13.99	
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68			
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57			
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00			

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm